

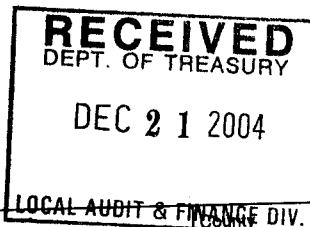
TECUMSEH TOWNSHIP
Lenawee County, Michigan

AUDITED FINANCIAL REPORT

For Fiscal Year Ended June 30, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.



Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Tecumseh Township		County Lenawee	
Audit Date 6/30/04		Opinion Date 11/18/04		Date Accountant Report Submitted to State: 12/21/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name)

Post, Smythe, Lutz, and Ziel, LLP

Street Address

1034 West Ann Arbor Trail

City

Plymouth

State

MI

ZIP

48170

Accountant Signature

Daniel R. Willson, CPA

Date

12/21/04

TECUMSEH TOWNSHIP
For the Year Ended June 30, 2004

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FINANCIAL SECTION

POST, SMYTHE, LUTZ AND ZIEL LLP

Certified Public Accountants

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Independent Auditor's Report

November 18, 2004

To the Board of Trustees
Tecumseh Township
Tecumseh, Michigan

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Tecumseh Township, Michigan, as of and for the year ended June 30, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Tecumseh Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the Township prepares its financial statements on the basis of cash receipts and disbursement, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Tecumseh Township as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

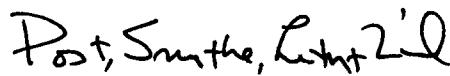
The Township has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as of June 30, 2004.

To The Board of Trustees
Tecumseh Township

The management's discussion and analysis is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tecumseh Township's basic financial statements. The accompanying supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully,



POST, SMYTHE, LUTZ and ZIEL LLP
Certified Public Accountants

Management's Discussion and Analysis

As management of Tecumseh Township, we offer readers of Tecumseh Township's financial statements this narrative overview and analysis of the financial activities of Tecumseh Township for the fiscal year ended June 30, 2004, within the limitations of the cash basis of accounting.

Financial Highlights

- The assets of Tecumseh Township exceeded its liabilities at the close of the most recent fiscal year by \$354,891, on the cash basis of accounting (*net assets*). All of this is available to be used to meet the government's ongoing obligations to citizens and creditors. Since the Township has only a general fund, all of the activities are accounted for in a single fund.
- Expenditures exceed revenues, on a cash basis, by \$14,474.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Tecumseh Township's basic financial statements. Tecumseh Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Tecumseh Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Tecumseh Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Tecumseh Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year, on the cash basis of accounting.

The government-wide financial statements can be found on pages 7-8 of this report.

Basis of Accounting. The Township has elected to present its financial statements on cash receipts and disbursement method of accounting, which is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the Township's cash basis of accounting, revenues and expenses are recorded when they result from cash transactions.

As a result of the use of this cash basis of accounting, certain assets, and their related revenues, (such as fixed assets, and accounts receivable), and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussions within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Tecumseh Township, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Tecumseh Township maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund.

A budgetary comparison statement has been provided for the major fund (general fund) to demonstrate compliance with the annual appropriated budgets.

Proprietary funds. Tecumseh Township maintains no proprietary funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Tecumseh Township's own programs.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Tecumseh Township, assets exceeded liabilities by \$354,891, on a cash basis, at the close of the most recent fiscal year. Since the financial statements are prepared on the cash receipts and disbursement method, the "net assets" consist of unrestricted assets (cash).

The government's net assets decreased by \$14,474 during the current fiscal year. This decrease represents the degree to which increases in ongoing expenditures have outstripped similar increases in ongoing revenues.

Governmental activities. Governmental activities decreased Tecumseh Township's net assets by \$14,474. Reductions in state shared revenue, increased road maintenance, and start of a mosquito control program were the reasons for the reduction.

Financial Analysis of the Government's Funds

As noted earlier, Tecumseh Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Tecumseh Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Tecumseh Township's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Since the Township has only a single fund, the discussion in the government-wide section has addressed the current year results.

General Fund Budgetary Highlights

There were no differences between beginning and final budgets during the year.

Capital Asset and Debt Administration

As mentioned previously, the Township has elected to present its financial statements on cash receipts and disbursement method of accounting, which is a basis of accounting other than generally accepted accounting principles. Accordingly, capital assets are not presented. The Township has no long term debt.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state shared revenues. State shared revenues are expected to decrease again in the 2004-2005 fiscal year. Tecumseh Township budgeted for a decrease in state shared revenue, but additional cuts have already been made. Tecumseh Township's millage rate was reduced again by the Headlee Amendment rollback for general operating purposes. These factors were considered in preparing Tecumseh Township's budget for the 2004-2005 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Tecumseh Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Clerk, Tecumseh Township.

BASIC FINANCIAL STATEMENTS

TECUMSEH TOWNSHIP
Statement of Net Assets - Cash Basis
June 30, 2004

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 354,891
<u>LIABILITIES</u>	<u>-</u>
<u>NET ASSETS - Unrestricted</u>	\$ <u>354,891</u>

TECUMSEH TOWNSHIP
Statement of Activities - Cash Basis
For the Year Ended June 30, 2004

[illegible]

General Receipts:	
Property Taxes	123,723
State Shared Revenue	126,445
Franchise Taxes	3,625
Unrestricted Investment Earnings	1,850
Total General Receipts	<u>255,643</u>
Change in Net Assets	(14,474)
Net Assets - Beginning	<u>369,365</u>
Net Assets - Ending	\$ <u>354,891</u>

TECUMSEH TOWNSHIP
Balance Sheet- Cash Basis
Governmental Funds
June 30, 2004

	<u>General</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ <u>354,891</u>
<u>FUND BALANCE</u>	
Fund Balance:	
Reserved for:	
Public Safety	\$ 100,184
Unreserved	<u>254,707</u>
Total Fund Balances	\$ <u>354,891</u>

TECUMSEH TOWNSHIP
Statement of Revenues, Expenditures, and Changes in Fund Balances
Cash Basis
Governmental Funds
For the Year Ended June 30, 2004

	<u>General</u>
<u>Revenues</u>	
Property Taxes	\$ 123,723
Licenses and Permits	12,922
Intergovernmental:	
Federal, State and Local	126,445
Interest	1,850
Other	8,064
Total Revenues	<u>273,004</u>
 <u>Expenditures</u>	
Current:	
General Government	99,233
Public Safety	54,000
Highways and Streets	134,245
Total Expenditures	<u>287,478</u>
 Excess (Deficiency) of Revenues Over Expenditures	 (14,474)
 Fund Balance - Beginning	 <u>369,365</u>
 Fund Balance - Ending	 \$ <u><u>354,891</u></u>

TECUMSEH TOWNSHIP
Statement of Net Assets - Cash Basis
Fiduciary Funds
June 30, 2004

<u>ASSETS</u>	<u>Agency Funds</u>
Cash	\$ 43
 <u>LIABILITIES</u>	
Due to Other	<u>43</u>
 NET ASSETS	 \$ <u><u>-</u></u>

TECUMSEH TOWNSHIP
Notes to Financial Statements
June 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Tecumseh Township is an unincorporated local unit of government (general law township) governed by the elected Board of Trustees. The Township provides the following services provided by law: General Government, Public Safety (Fire Protection) Planning and Zoning activities.

As discussed further in Note 1C, these financial statements are presented on the cash receipts and disbursements basis of accounting, which differs from accounting principles generally acceptable in the United State of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Scope of Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14, "The Financial Reporting Entity," the financial statements of Tecumseh Township contain all of the Township funds and authorities for which the Township is financially accountable and the nature and significance of their relationship with the Township are such that exclusion would cause the Township's financial statements to be misleading or incomplete. Financial accountability exists if the Township appoints a voting majority of an organization's governing board, is either able to impose its will on another organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on the Township, or if an organization is fiscally dependant on the Township. Based on the foregoing criteria, no other organizations are included or excluded from the Township's Annual Report.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TECUMSEH TOWNSHIP
Notes to Financial Statements
June 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Government-Wide and Fund Financial Statements -Continued

Separate financial statements are provided for the governmental fund and fiduciary fund even though the latter are excluded from the government-wide financial statements. The major individual governmental fund is reported as a separate column in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statements, governmental and fiduciary activities are presented using the cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions on the received and disbursed method. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and capital assets) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the Township utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Governmental Funds

The Township reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fiduciary Funds

Fiduciary Funds account for assets held by the government in a trustee capacity by the Township or as an agent on behalf of others. Fiduciary funds include the following fund type:

The Agency Funds are used to account for assets that the government holds for others in an agency capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

TECUMSEH TOWNSHIP
Notes to Financial Statements
June 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as needed.

D. Assets, Liabilities and Fund Equity

1. Cash and Investments

Under State law, the Township is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury and commercial paper with certain investment grades.

2. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Township Follows the procedure in establishing the budgetary data reflected in the financial statements in accordance with the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). Public hearings are conducted at the Township Hall to obtain taxpayer comments, and prior to June 30, the budget is legally enacted on a departmental basis through passage of a resolution. Formal budgetary integration is employed as a management control device during the year for the General Fund and the budget for the General Fund was adopted on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP), at the fund level.

TECUMSEH TOWNSHIP
Notes to Financial Statements
June 30, 2004

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

B. Compliance with P.A. 621, of 1978

1. Deficit Fund Balance

The general fund did not have a deficit balance.

2. Excess of Expenditures Over Appropriations with Budgetary Funds

The general fund did not have expenditures in excess of appropriations.

III. DETAIL NOTES ON ALL FUNDS

A. Deposits and Investments

Under State law, the Township is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury, and Corporate bonds and commercial paper with certain investment grades.

Deposits (cash and certificates of deposit) are carried at cost which approximates market value. The carrying amount of deposits are separately displayed on the balance sheets as "Cash".

The carrying amount of the Township's deposits with financial institutions at June 30, 2004, was \$354,891 and the bank balance was \$355,078. The bank balance is categorized as follows:

Amounts insured by FDIC	\$200,000
Uncollateralized	<u>155,078</u>
Total Bank Balance	<u>\$355,078</u>

B. Property Taxes

Property tax assessments are determined (Tax Day) as of each December 31, and are levied on December 1 of the following year. The Township bills and collects its own property taxes and also taxes for the County and various school districts which are accounted for in the Tax Collection Agency Fund.

The Township is permitted by State law to levy taxes up to \$1.00 per \$1,000 of equalized valuation for general government services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt, subject to constitutional limitations.

TECUMSEH TOWNSHIP
Notes to Financial Statements
June 30, 2004

III. DETAIL NOTES ON ALL FUNDS – Continued

B. Property Taxes - Continued

The following is a summary of the tax rates levied on the 2003 tax roll and source of authorization:

<u>Purpose</u>	<u>Authorization</u>	<u>Term</u>	<u>Per \$1,000 of State Equalized Value</u>		<u>Rate Levied</u>	<u>Tax Margin</u>
			<u>Authorized Rate (Pre- Rollback)*</u>	<u>Authorized Rate (Post- Rollback)*</u>		
Operating	State Law	-	1.0000	.8270	.8270	-
Public Safety	Voted	2003-2005	1.0000	.9946	.9946	-

* Rollback refers to the required reduction in mileage rates to comply with provisions of state law (211.34d).

C. Public Act 245 of 1999 Compliance

In accordance with the State Construction Code Act, Public Act 245 of 1999, the Township must account for cumulative revenues over or under expenditures generated by the Township's building department from January 1, 2000 and forward.

The cumulative amounts as of June 30, 2004 are as follows:

Cumulative Balance at June 30, 2003	\$(3,754)
Fees Collected in Fiscal Year 2004	12,922
Expenditures in Fiscal Year 2004	<u>(9,528)</u>
Revenues Over (Under) Expenditures	<u>\$ (360)</u>

D. Detail Listing of Fund Balances for Reserved and Unreserved Balances

A detailed description of Fund Balance at June 30, 2004 is presented below:

	<u>General Fund</u>
Fund Balance:	
Reserved For:	
Public Safety	\$100,184
Unreserved:	
Designated For:	
Subsequent Year Budget	40,000
Land Management	133,070
Undesignated	<u>81,637</u>
Total Fund Equity	<u>\$354,891</u>

REQUIRED SUPPLEMENTARY INFORMATION

TECUMSEH TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Cash Basis
Budget and Actual
For the Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Property Taxes	\$ 112,000	\$ 112,000	\$ 123,723	\$ 11,723
Licenses and Permits	10,000	10,000	12,922	2,922
Intergovernmental - State	141,600	141,600	126,445	(15,155)
Interest Earnings	7,000	7,000	1,850	(5,150)
Other Revenues	8,000	8,000	8,064	64
Total Revenues	<u>278,600</u>	<u>278,600</u>	<u>273,004</u>	<u>(5,596)</u>
Expenditures:				
General Government:				
Supervisor	9,840	9,840	9,840	-
Assessor	11,580	11,580	11,840	(260)
Clerk	8,400	8,400	8,375	25
Treasurer	8,400	8,400	8,400	-
Trustee Fees	4,000	4,000	5,100	(1,100)
Rent	2,200	2,200	1,410	790
Payroll Taxes	3,800	3,800	3,346	454
Office Expense	4,000	4,000	3,700	300
Administrative Support	3,000	3,000	6,709	(3,709)
Legal and Professional	10,000	10,000	4,833	5,167
Drain Tax	3,000	3,000	830	2,170
Zoning Board	3,000	3,000	1,380	1,620
Building Inspector	11,400	11,400	9,528	1,872
Ordinance Officer	4,000	4,000	-	4,000
Election Expense	1,000	1,000	-	1,000
Board of Review	1,000	1,000	1,275	(275)
Insurance	6,800	6,800	8,823	(2,023)
Miscellaneous	17,000	17,000	2,047	14,953
West Nile Virus	15,000	15,000	11,797	3,203
Capital Acquisitions	15,000	15,000	-	15,000
	<u>142,420</u>	<u>142,420</u>	<u>99,233</u>	<u>43,187</u>
Public Safety:				
Fire Protection Contract	54,000	54,000	54,000	-
Highways and Streets	240,000	240,000	134,245	105,755
Total Expenditures	<u>436,420</u>	<u>436,420</u>	<u>287,478</u>	<u>148,942</u>
Excess (Deficiency) of Revenues Over Expenditures	(157,820)	(157,820)	(14,474)	143,346
Fund Balance - Beginning	369,365	369,365	369,365	-
Fund Balance - Ending	\$ <u>211,545</u>	\$ <u>211,545</u>	\$ <u>354,891</u>	\$ <u>143,346</u>

POST, SMYTHE, LUTZ AND ZIEL LLP

Certified Public Accountants

PLYMOUTH

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November 18, 2004

Board of Trustees
Tecumseh Township
Tecumseh, Michigan

In planning and performing our audit of Tecumseh Township for the year ended June 30, 2004 we have considered the Township's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions in these areas. This letter does not affect our report dated November 18, 2004 on the financial statements of Tecumseh Township.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional studies or assist in their implementation.

Respectfully,


POST, SMYTHE, LUTZ and ZIEL LLP
Certified Public Accountants

Accounting Processes

To improve the internal control environment we recommend the following:

- Consolidate the warrant and the check with dual signatures on the actual check. MCL 41.76 requires that the clerk initiate cash disbursements for all township funds (other than the tax collection fund) with a "warrant" signed by the clerk, and forwarded to the treasurer, who prepares and signs the checks, after board approval. We suggest that the township use the accounting software program to generate the multi part combined warrant/check, initiated by the clerk, and countersigned by the treasurer. This will improve internal control, and streamline posting to the accounting system.
- Bank reconciliations should be accomplished by the clerk (to the general ledger) and then balance to the treasurer's cash control journal.
- After signature, the checks should be mailed or delivered by the treasurer.